

## **Exhibit A**

### **History**

In January 2010, US Treasury (Treasury) created the “Housing Finance Agency (HFA) Innovation Fund for the Hardest-Hit Housing Markets” (HFA Hardest-Hit Fund) and allocated funds under the Emergency Economic Stabilization Act of 2008 (EESA) to five states: Arizona, California, Florida, Michigan and Nevada. The funds were allocated to these states because of their excessive housing market depreciation and to assist in foreclosure prevention efforts. In March 2010, Treasury allocated a second disbursement of \$600 million to an additional five state HFAs based on high unemployment rates. On August 11, US Treasury again expanded the HFA Hardest-Hit Fund to include a total of 18 states and the District of Columbia, and added an additional \$2 billion. Florida received another allocation of funds, \$236.8 million, from the third round of funding, which added to the initial allocation of \$418 million, this brought Florida’s total funding to \$656.8 million. Finally, on September 29, 2010, Treasury announced a fourth round of funding, awarding Florida an additional \$401 million, bringing Florida’s total award amount to over \$1 billion.

Florida Housing Finance Corporation (Florida Housing) was directed by Treasury to create and administer foreclosure prevention assistance programs that address the unique issues of our state. Treasury requires that Florida use a portion of these funds specifically for targeted unemployment programs that provide temporary assistance to eligible homeowners.

Florida Housing’s two programs under the HFA Hardest Hit Funds are:

### **Unemployment Mortgage Assistance Program (UMAP)**

Loan funds can be used to pay monthly mortgage and escrowed mortgage-related expenses (i.e., property taxes, homeowner insurance, and mortgage insurance) until the homeowner can resume payments or for up to 18 months whichever occurs first.

#### *Population to be served:*

Homeowners (borrower and co-borrower), through no fault of their own, who are currently unemployed or underemployed. Homeowner must meet eligibility and program underwriting guidelines and must complete a hardship affidavit.

#### *Use of funds:*

Pay the monthly first mortgage payment.

### **Mortgage Loan Reinstatement Payment Program (MLRP)**

Loan funds can be used to bring the past-due first mortgage current; up to six months will be paid.

*Population to be served:*

Homeowners (borrower and co-borrower), through no fault of their own, who were unemployed or underemployed. Verification that homeowners will be able to make their payments will be required. Homeowner must meet eligibility and program underwriting guidelines and must complete a hardship affidavit.

*Use of funds:*

MLRP funds will be used to bring a delinquent mortgage current for a homeowner who has returned to work or recovered from underemployment and can now resume the monthly mortgage payment(s) based on his/her new income. This type of assistance is appropriate when the homeowner needs help only to bring the mortgage and/or mortgage-related expenses current.

### **Assistance Will Be Provided in the Form of a Loan**

A maximum of \$35,000 is available to eligible homeowners. A homeowner can receive both UMAP and MLRP funds as long as the total payments combined are not greater than \$35,000.

The funds are used to pay the monthly first mortgage payment or the first mortgage arrearage and will be disbursed by Florida Housing directly to the loan servicer on behalf of the homeowner.

The funds will be in the form of a 0% interest, non-recourse, and deferred-payment forgivable loan which will subordinate to current mortgages.

The loan will be forgiven over a 5 year period starting at month 24, at a rate of 20% per year provided the homeowner remains in the home.

The loan must be paid back if the home is sold, refinanced, or is no longer owner occupied prior to the maturity date. Florida Housing will agree to subordinate the UMAP/MLRP Loan for homeowners who refinance their first mortgage to receive more favorable loan terms. If a homeowner refinances their loan to consolidate debt or receives cash out, the homeowner would be required to repay the UMAP/MLRP Loan according to the loan terms.

Definitions –

PITI – Principal, Interest, Taxes and Insurance

PITIA – PITI + Homeowner Association Dues

### **Eligibility Determinations**

If the HHF Advisor believes that the homeowner may be eligible for the Unemployment Mortgage Assistance Program and Mortgage Loan Reinstatement Program, the Advisor will be required to verify that all information entered into CounselorDirect, by the homeowner, is

accurate. The Advisor will be required to gather and assemble the following information, if applicable to the homeowner's specific situation, which will be used to make eligibility determinations:

The eligibility determinations can be broken down into three separate areas. There are specific criteria related to the homeowner, the property and the mortgage.

Unless otherwise noted, all documentation used to determine eligibility must be uploaded into the CounselorDirect system. Each document must be uploaded separately; with the exception of items of the same type (i.e. pay stubs can be placed in the same file, bank statements for each account at a financial institution can be uploaded together). Files must be named accordingly.

### ***Eligibility Determination – Homeowner***

1. Is the client a Legal US resident/Legal Alien?
  - a. The Advisor will need to confirm legal residency status of a homeowner requesting assistance. Appropriate documentation includes a social security card or an INS green card. A copy of the document does not need to be uploaded into the CounselorDirect System.
2. Is the client a Florida resident?
  - a. The Advisor will need to confirm identity and residency status of a homeowner requesting assistance. Confirm homeowner identity using photo identification from a government agency (e.g. Florida Driver's License or Photo Identification Card) or employer (e.g. Employee Identification Card). A copy of the document does not need to be uploaded into the CounselorDirect System.
3. Does the client occupy the property as their primary residence?
  - a. Proof of Homestead will suffice to ensure the property is the primary residence.
4. Is the total household income below 140% AMI adjusted for household size?
  - a. Income from the borrower, co-borrower, borrower's spouse, and other adult household members must be included in the calculation of total household income. The unearned income (e.g. Social Security) of minor children will be counted in the calculation of total household income. The earned income of all minor household members is excluded from total household income. If there is a co-borrower that is not residing in the home currently their income will also need to be included.
    - i. Income documentation for a homeowner who receives a salary or wage
      1. Copies the last 60 days of paystubs.
    - ii. Income documentation for unemployed homeowners
      1. Copy of the unemployment determination.

2. Copy of monthly benefit statement.
3. Copy of bank statement indicating deposits from unemployment division.
- iii. Income documentation for homeowners who are self-employed
  1. Current profit and loss statement prepared by an independent third party.
  2. Two months of personal and business bank statements.
  3. Last two years federal income tax filings, including IRS Form 1040, Schedule C.
    - a. FLorida Housing will order and pay the fee (if ordered by Florida Housing) for tax transcripts for Self-Employed homeowners. In order to request a transcript make sure the 4506T/4506T-EZ is uploaded into CounselorDirect and send an email request to appropriate party at Florida Housing.
    - b. If the homeowner has not filed taxes, they will be required to prior to being eligible for participation.
    - c.
- iv. Income documentation for a homeowner who receives social security, disability or death benefits, pension, adoption assistance, public assistance, or unemployment.
  1. Copy of benefits statement or letter from the provider that states the net amount, frequency, and duration of the benefit, and two most recent bank statements showing receipt of such payment.
  2. Unemployment can be confirmed with a homeowner's last two unemployment compensation benefit pay stubs, 1099s, or a notice of determination.
- v. Income documentation for homeowner receiving alimony or child support.
  1. Copy of divorce or other court decree, or separation agreement, or other written agreement filed with the court that states the amount and period of time over which it will be received, or two most recent bank statements showing receipt of such payment, or documentation from a child support enforcement agency or other administrator.
- vi. Income documentation for odd jobs performed by the homeowner outside of salary or wage employment. Copies of checks; most recent two bank statements with deposits highlighted and a statement from the homeowner describing source of deposits and frequency of payments.
- vii. Examples of other income and required documentation include:
  1. Regular, scheduled, periodic payments from trusts, annuities, inheritance, insurance policies, pensions, retirement funds, and lotteries. Copy of statement supplied from the source of the

income, copies of checks or two most recent bank statements showing receipt of such payment.

2. All public assistance payments in lieu of earnings, including social security, unemployment benefits, workers compensation, severance pay, disability or death benefits, excluding Veteran's Administration educational benefits, and Medicaid. (Food stamps are excluded in the calculation of household income.) Copy of statement supplied from the source of the income, copies of checks or two most recent bank statements showing receipt of such payment.
3. Income from partnerships. Copy of statement supplied from the source of the income, copies of checks or two most recent bank statements showing receipt of such payment.
4. Undisbursed profits from business owned by homeowner(s) in whole or in part. If part owner, include the homeowner's pro rata share of undisbursed profits.
5. Regular cash contributions received from persons not living in household. Copies of the most recent two bank statements; and a statement from the homeowners will need to accompany this calculation describing the nature of the income.
6. The amount, if any, by which educational grants, scholarships, and/or Veterans Administration educational benefits exceed expenses for tuition, fees, books, and equipment (for all students) and reasonable rent and utility costs for a student living away from home. Copy of statement supplied from the source of the income, copies of checks or two most recent bank statements showing receipt of such payment.
7. Rental income from no more than one other property owned by the homeowner. Copy of the current rent or lease agreement.
8. Recurring Investment Gain Income. Does not pertain to gains on one time sales or gains from the sale of the homeowner's prior residence. Copy of statement supplied from the source of the income, copies of checks or two most recent bank statements showing receipt of such payments.

b. To annualize the income:

i. To compute the income from a salary or wage

1. Add together the gross pay from each pay stub supplied; divide this total by the number of pay stubs and then multiply by the number of pay periods within a year (i.e. if paid biweekly multiply by 26, if paid bimonthly, multiply by 24).
2. For seasonal employees or those working for commission take the year to date gross amount; divide by the number of pay periods the homeowner has been paid; and multiply by the number of pay periods within a year.

- ii. To compute the income for unemployed homeowners
    - 1. Multiply the benefit amounts by 26.
  - iii. To compute the income for self-employed homeowners (who do not pay themselves a salary)
    - 1. Take the net income from profit and loss statement; divide it by the number of months included in the statement; and multiply by 12.
  - iv. To compute annual income from social security, disability or death benefits, pension, adoption assistance, public assistance, or unemployment
    - 1. Multiply the gross amount paid monthly by 12.
  - v. To compute the annual income from child support or alimony;
    - 1. If homeowner is receiving court ordered amount multiply the amount received by the number of payment periods in the year.
    - 2. If the homeowner is not receiving the court ordered amount; provide documentation (bank statements, checks, and/or statement from homeowner) indicating amount being paid and annualize based upon the amount and frequency of payments.
    - 3. If payments are not made on a consistent basis do not include in income calculation.
  - vi. To compute annual income for odd jobs and other type of income sources;
    - 1. Take the average amount received over the 60 day period and multiply by 12.
    - 2. Income from assets is computed by taking the average balance from the most recent two statements and multiplying by the interest rate currently being applied.
  - vii. To compute rental income
    - 1. Use the most recent income tax returns to document income from a rental property that is being reported to the IRS. If the homeowner is renting a room of the home use 100% as rental income.
- 5. Is the total amount of assets lower than \$5,000 or 3 times PITIA (whichever is greater)?
  - a. Assets include, but are not limited to, all savings, checking, and money market accounts, certificates of deposits, taxable investment accounts, savings bonds, and cash. All such accounts must be in the name of the borrower and/or co-borrower or for the benefit of the borrower or co-borrower.
    - i. Assets must be verified using bank statements, investment statements, and other third party documentation (the previous two months worth of statements). The amount of cash on hand may be accepted as disclosed by the homeowner.
    - ii. If at time of application the statements indicate that there is more than the allowed amount, the homeowner has the opportunity to provide

most current balance verification from their financial institution. This will need to be either on the financial institutions letterhead and signed or a balance inquiry transaction teller stamped and signed by the financial institutions employee.

- b. Retirement accounts such as IRA, 401(k), 403(b), 457, or Keogh accounts are not considered assets. Education accounts such as Florida Prepaid College Plans, 529 accounts or Coverdell Education Saving Accounts are not considered assets. Additionally, personal property such as automobiles, collectibles, antiques, and related items are not considered assets.
6. Is the total monthly housing debt greater than 31% of gross monthly income?
- a. If the homeowner discloses there are additional mortgages on the property, a copy of the most recent payment statement will be required.
  - b. If the taxes, insurance and homeowner's associations dues are not included in the first mortgage payment, documentation for these expenses is required for the calculation.
    - i. Using the first mortgage statement, additional lien statements, and any other required documentation; add up all required payments for PITIA. Divide the PITIA by the calculated monthly income. If the homeowner has a "pick a payment" loan, use the fully amortized payment with escrow.
7. Has the client experienced a qualifying hardship (unemployment / underemployment)?
- a. Homeowners will only be eligible for the program if they are unemployed or underemployed, through no fault of their own. Divorce, disability or death of a borrower or co-borrower is not a qualifying hardship.
  - b. Homeowner in all instances will need to certify the qualifying hardship via the Hardship Letter and the Hardship Affidavit.
    - i. A homeowner will meet this criterion if receiving unemployment. Unemployment can be confirmed with a homeowner's last two unemployment compensation benefit pay stubs, 1099s, notice of determination or receipt of unemployment compensation verified on bank statements.
    - ii. For underemployment, the homeowner, through no fault of their own, must have a qualifying hardship and meets the 31% test.
8. Does the homeowner have a bankruptcy that has not been discharged or dismissed?
- a. If the homeowner has declared bankruptcy, a copy of the proof of discharge or dismissal must be provided.
  - b. If the homeowner files bankruptcy during participation in the program, the homeowner will be deemed ineligible and participation terminated.
9. Has the client been convicted of a mortgage related felony in the last 10 years?
- a. The homeowner will certify their compliance with this regulation via the Dodd/Frank Certification.

### ***Eligibility Determination – Property***

1. Is the property located in Florida?
  - a. The homeowner will supply a copy of the recorded mortgage and a copy of the deed. The Advisor will verify these two documents are for the same property and that the property is located in Florida.
2. Does the property qualify (single family, townhouse, condo on the current FHA or Fannie Mae approved list, 1 to 4 family home where owner occupies one unit and mobile or manufactured home on permanent foundation)?
  - a. Review the recorded mortgage for any pertinent riders to assist in determining eligibility.
    - i. If the homeowner resides in a 1 to 4 family home, are the other units rented and is the income from these units included in the income calculation?
  - b. If homeowner resides in a condo, review current FHA or Fannie Mae approved Condo listing to determine eligibility.
3. Does the homeowner own more than one other property?
  - a. Documentation from other portions of the eligibility determination can assist with this requirement.
    - i. Tax returns showing rental income.
    - ii. Deeds supplied by the homeowner when determining whose income to use for eligibility determination.
4. Is the property abandoned, vacant or condemned?
  - a. Verify the response given in CounselorDirect with the homeowner.
  - b. Florida Housing may receive further information regarding the condition of the property when exchanging data with the homeowner's mortgage servicer.

### ***Eligibility Determination – Mortgage***

1. Is the client's mortgage with a regulated financial institution, Habitat for Humanity or USDA?
  - a. Review recorded mortgage to verify that the loan was originated with a qualifying entity. No seller financing is allowed. If the loan has been sold, review the assignment of mortgage. The assignment of mortgages will need to be uploaded.
2. Is the mortgage no more than 180 days in arrears?
  - a. If the homeowner is still receiving mortgage statements from their servicer, review any arrearage amounts to help determine if the homeowner is eligible. A



quick test would be to divide the arrearage amount by the monthly payment to determine the number of months a homeowner is delinquent.

- b. Florida Housing may receive further information regarding the delinquency of the homeowner when exchanging data with the homeowner's mortgage servicer.
3. Was the mortgage originated on or before January 1, 2009?
  - a. Review the recorded mortgage to verify that the loan was originated on or before January 1, 2009.
4. Is the current outstanding balance of the first mortgage \$400,000 or less?
  - a. Review the recorded mortgage. If original principal amount was \$400,000 or less then the criteria has been met.
  - b. If the original principal amount was more than \$400,000, review the current mortgage statement for the outstanding amount, if the homeowner is still receiving statement.
  - c. If the homeowner is not receiving a statement the homeowner will need to have proof of outstanding principal balance provided to them by their lender in written form. This amount does not include in arrearage or outstanding fees charged by the servicer.
  - d. Florida Housing may receive further information regarding the outstanding principal balance when exchanging data with the homeowner's mortgage servicer.
5. Is the combined loan to value less than 200%?
  - a. Obtain the current proof of home value using one of the qualified valuation methods. These include [www.cyberhomes.com](http://www.cyberhomes.com), [www.mortgage.com](http://www.mortgage.com), the county tax assessor or appraiser, or an appraisal or a BPO not older than 6 months. [www.efanniemae.com](http://www.efanniemae.com) and [www.bpodirect.com](http://www.bpodirect.com) are also valid sources for the determination of value but may only be accessible by mortgage servicers.
  - b. Divide the current balance of all outstanding mortgages on the property by the current proof of home value.
    - i. If homeowner has additional mortgages on the property a copy of the most recent payment statement is required.
    - ii. For those mortgages that do not require a monthly payment, a copy of the recorded mortgage is required. This includes all subsidy mortgages.
6. Is the current pending litigation on the property/mortgage?
  - a. Verify the response given in CounselorDirect with the homeowner. If foreclosure has been initiated on the property, have the homeowner supply the documentation received from their mortgage servicer and the attorney handling the foreclosure.

- i. The homeowner will be ineligible for the program if any subordinate lender (other than the first mortgage lender) has initiated a foreclosure claim on the property.
- b. Florida Housing may receive further information regarding any litigation on the property when exchanging data with the homeowner's mortgage servicer.

***Other Considerations – These items are not used for determination purposes.***

1. Who is the investor on the mortgage?
  - a. The advisor should determine if the loan is owned by Fannie Mae or Freddie Mac. Both GSE's have supplied guidance to their servicers requiring the servicers work with the Hardest Hit Funds. It is helpful when negotiating with servicers for participation to know if the homeowner's loan is owned by one of the GSE's
    - i. Both GSE's have look-up tools. The Fannie Mae look-up tool is: [www.fanniemae.com/loanlookup/](http://www.fanniemae.com/loanlookup/) and the Freddie Mac look-up tool is: <https://www3.freddie.mac.com/corporate/>.
2. Other required documents that must be completed and uploaded in to the CounselorDirect system:
  - a. HHF Intake Form and Financial Worksheet
  - b. Authorization to Release Information
  - c. Homeowner / Advisor Contract
  - d. FHFC Privacy Policy
  - e. HHF Submission Checklist/Eligibility Determination

## **Eligible Applications**

Once the Advisor determines that the homeowner has met all eligibility criteria, the file should be submitted to their Agency Administrator. Each Agency will be required to have an active Administrator. The Administrators will be responsible for final review of the client's file prior to submission to Florida Housing.

Only files that have been cleared of all CounselorDirect system Fails will be eligible for submission to Florida Housing. Staff at Florida Housing will review all information supplied in the CounselorDirect system. If the file is incomplete, or Florida Housing staff has questions regarding the submitted file, Florida Housing staff will contact the Advising agency for additional follow-up.

Once Florida Housing has determined the file to be complete and the homeowner is eligible for the program, Florida Housing will send the homeowner's information to their servicer. The servicer has a right to determine if they will accept payments on behalf of the homeowner.

If the servicer agrees to accept payments on behalf of the homeowner, Florida Housing will populate the HHF Mortgage and Note with the homeowner specific information and forward

the closing documents to the Advisor Agency. The Advisor should verify that all the information in the closing documents is correct, including: date, borrower and co-borrower name, address, first mortgage date, first mortgage lender name, amount of first mortgage loan, and first mortgage recording information.

The Advisor Agency is required to schedule the closing and facilitate the signing of the Mortgage and Note. A notary will be required at each closing. The closing documents will need to be signed by two witnesses. Any questions, in regards to the closing documents, must be answered by FHFC's legal department. Once the closing documents are fully executed, the Advisor Agency will overnight the closing documents to Florida Housing using the FedEx labels supplied by Florida Housing.

Florida Housing will coordinate with the homeowner's servicer regarding the timing and payment start date that the monthly mortgage payment will begin.

The Advisor Agency will need to instruct the homeowner to cease all mortgage payment debits from their account.

## **Ineligible Applications**

If a homeowner has not met one or more of the established program criteria, they will be determined ineligible for the program. A standard letter has been created for Advisor's to use when notifying a homeowner that are not eligible for the program. This should be mailed or e-mailed (if the primary communication with the homeowner was through e-mail) to the homeowner and a copy needs to be uploaded into the CounselorDirect system.

A homeowner has the right to appeal the Advisor's determination. Each Advising agency should establish a method for addressing the initial appeal by the homeowner. This method may include the Senior Advisor reviewing the file or establishing a committee within the agency to review initial appeals. If the second review method concurs with the initial eligibility determination, a second letter has been provided by Florida Housing. This second Ineligible Determination letter gives the homeowner a chance to appeal the determination to the Florida Housing Coalition. The second Ineligible Determination letter must also be uploaded into CounselorDirect.

## **Declined Applications**

If a homeowner is declined by the servicer or Florida Housing, the Advisor will need to send the standard letter to the homeowner notifying the homeowner the reason for the decline.

## **Monthly Eligibility Review**

Starting the second month after the initial eligibility determination was completed the homeowner must supply necessary documentation to the Advisor for continued assistance under UMAP. For example, if the first mortgage payment made on behalf of a homeowner was a February payment, the homeowner would need to supply the required information to the Advisor in time to make April's payment. The Advisor will need to recalculate each month the homeowners Income, the Asset Test and the 31% Test. The homeowner must remain within eligibility guidelines to continue receiving UMAP assistance. In order to recalculate these items, it is necessary for the Advisor to collect the following documentation:

1. Homeowner's Certification of Continuing Assistance
  - a. The homeowner will be required to certify each month that the information they supplied is true, correct, accurate and complete and that they are still in need of UMAP assistance.
2. Recent mortgage statement and any correspondence from Servicer and the Servicer's attorney
  - a. If received, the mortgage statement should be reviewed for any changes to the monthly payment. Florida Housing may receive further information regarding changes to the monthly mortgage payment when exchanging data with the homeowner's mortgage servicer.
  - b. The homeowner should not be entered into foreclosure while receiving HHF assistance. Any new actions taken by the servicer should immediately be forwarded to Florida Housing.
3. Homeowner's Association Dues Statement, if Applicable
4. Income Documentation
  - a. Last 30 days of pay stubs if underemployed
  - b. Copy of latest month's bank statements for both business and personal accounts if Self Employed
  - c. Copy of unemployment eligibility or proof of unemployment deposits on bank statements if Unemployed
  - d. Other sources of income as applicable
    - i. SSI
    - ii. Child Support
    - iii. Pensions
5. Asset Documentation
  - a. Homeowner will need to supply the latest statements from all assets disclosed during the initial eligibility review plus any new assets.
6. Monthly Review Checklist

If the homeowner is still eligible, the Advisor will send the file to Florida Housing for review and continued assistance payments.

The homeowner may miss only one month's Eligibility Review. Florida Housing will make a month's payment on behalf of the homeowner if the homeowner is unable to meet with the Advisor in time. The program will discontinue for a homeowner that has missed two consecutive reviews with their Advisor. Florida Housing will notify the servicer when assistance is being discontinued.

If a homeowner has regained substantial income they will need to start to resume making their mortgage payments. Florida Housing will make the next two payments, but not more than 18 months total, after determination has been made that the homeowner can resume making their mortgage payments.

### **Stand Alone MLRP Assistance**

A homeowner may be in a situation where they suffered a previous qualifying hardship and fell behind on their mortgage payments. They may be in a situation now where they can make the monthly payments but is in need of help to clear up the arrearage amount. MLRP funds can be used to pay for up to six months of arrearages plus any related expenses. The homeowner will still need to go through the eligibility determination. The difference with stand-alone MLRP pertains to the 31% Test. Because the homeowner currently has the means to pay their mortgage, they would fail the 31% Test. The 31% test will need to be applied to when the qualifying hardship occurred and the income received during that time.